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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Working Party on the Medium-term Plan and the Programme Budget on its twenty-fifth session

held at the Palais des Nations, Geneva,
from 26 to 28 June 1995

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INTRODUCTION

1. The twenty-fifth session of the Working Party on the Medium-term Plan and the Programme Budget was held at the Palais des Nations, Geneva, from 26 to 28 June 1995. In the course of the session, the Working Party held two plenary meetings - the 108th to 109th meetings. All other meetings were informal and held in private.

Chapter I

REVIEW OF THE UNCTAD SECTION OF THE PROPOSED UNITED NATIONS PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

(Agenda item 3)

2. For its consideration of this agenda item, the Working Party had before it the following documentation:

- UNCTAD section of the proposed United Nations programme budget for the biennium 1996-1997 (A/50/6 (Sect. 10A))

- An extract from the draft report of the Committee for Programme and Coordination on its thirty-fifth session entitled "Proposed programme budget for the biennium 1996-1997: Section 10A. United Nations Conference on Trade and Development" (E/AC.51/1995/L.3/Add.12).

3. In his introductory statement, the **Officer-in-charge of UNCTAD** said that the UNCTAD section of the 1996-1997 proposed programme budget had been reviewed on 26 May 1995 by the Committee for Programme and Coordination. Before going into detailed discussions of the budget fascicle, he wished to emphasize that, even though the proposed budget met all requirements established by the General Assembly, it should be viewed as a transitional one, for several reasons:

(i) It had been prepared in the absence of a titular head of the organization and with five out of nine Divisions headed by Principal Officers.

(ii) The start of the biennium corresponded more or less to the time of the Conference, at which it was expected that important changes might be introduced.

(iii) In important areas - e.g. the subprogramme on Trade Efficiency - the activities proposed had yet to be endorsed by the Trade and Development Board.

(iv) The reports on the most recent sessions of the Commission on Transnational Corporations and Investment and the Commission on Science and Technology for Development would need to be incorporated in the work programme of the related subprogrammes after their adoption by the General Assembly at its next session.

4. The budget reflected the programme objectives outlined in the Medium-term Plan for the period 1992-1997 and its subsequent amendments, as well as the decisions taken at the forty-ninth session of the General Assembly on the restructuring of the economic and social sectors of the United Nations. Thus, in terms of policy directions, there was no radical shift to mention as concerned the work programme. However, taking into account the many remarks made in the Board about the need to strengthen subprogrammes viewed as having high priority, an effort had been made in this regard through redeployment of staff to such

subprogrammes as Poverty Alleviation, Privatization, Trade Efficiency, Science and Technology and International Competition and Trade.

5. He recalled that the Conference, at its eighth session in 1992, had emphasized the importance of trade through fuller use of market forces and the privatization process, and of improving the standards of living in developing countries through programmes aimed at eradicating poverty; it had also agreed to the preparation and holding of an international symposium on the promotion of trade efficiency. In 1993, the General Assembly, in approving the transfer to UNCTAD of the former Centre for Transnational Corporations and the Programme on Science and Technology for Development, had emphasized the priority it attached to the area of science and technology. Finally, in connection with trade-related subprogrammes, new mandates had been given to UNCTAD by the Board at the first part of its forty-first session, in conjunction with the conclusion of the Uruguay Round and the establishment of the World Trade Organization (WTO).

6. In its resolutions 49/97 and 49/99, the General Assembly had reaffirmed the role of UNCTAD as the most appropriate focal point within the United Nations proper for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and services. UNCTAD would carry out groundwork covering the identification and normative/analytical exploration of the issues and of policy options - particularly in their development aspects - as well as the building of consensus on the basic parameters of possible international agreements. Its policy analysis and consensus-building roles were expected to make essential contributions to the maturing of the intergovernmental consideration of trade issues to the point where they could be fruitfully negotiated in other forums such as WTO.

7. Given the complementary functions of UNCTAD and WTO, the Board had requested UNCTAD to give priority attention to the following areas: assisting developing countries, especially the least developed countries and countries in transition, to take maximum advantage of the new opportunities and meet challenges deriving from the implementation of the Uruguay Round Agreements, with particular emphasis on a "safety net" aimed at enabling these countries to deal with the transitional cost of adjustment; strengthening institutional and human resource capacities and information management in developing countries so as to enable them to participate actively in the WTO; continuation of background work and consensus-building on new and emerging trade issues before they became the subject of negotiations in the WTO. Member States clearly had high expectations with respect to the further assessment of the results of the Uruguay Round as well as new and emerging issues on the international trade agenda which required high-quality analytical work and where the UNCTAD secretariat had already demonstrated expertise (e.g. trade and competition policy, trade and the environment, regionalism, mechanism for the compensation of erosion of preferences). Also, expanded technical assistance was being sought from UNCTAD by developing countries and economies in transition in the implementation of the Uruguay Round Agreements.

8. It was likely that UNCTAD IX would not only take stock of the work accomplished in the past four years but also sharpen the focus on the development dimension of UNCTAD's work and emphasize the need for a comprehensive approach to newly emerging issues on the international trade agenda.

9. The **Chief of the Administrative Service** said that, as UNCTAD was only one of the many parts of the United Nations, it reflected the overall policies

applicable to the United Nations budget as a whole. While the programmatic aspects of the 1996-1997 budget continued to reflect the programme objectives set out in the Medium-term Plan for the period 1992-1997 and its amendments, the financial aspects of the budget were governed by the policies outlined in A/49/310 as endorsed by the General Assembly in resolution 49/217 of 23 December 1994. This document contained the outline of the 1996-1997 budget. It had been prepared in answer to a General Assembly requirement that, in the non-budget years, the United Nations Secretary-General submit to the General Assembly an outline indicating the guiding principles of the proposed budget for the following biennium. On the basis of these principles, the Secretary-General had indicated that the 1996-1997 budget for the United Nations as a whole would tentatively amount to $2.6 billion, which represented a reduction of $85 million, or 3.2 per cent over the revised 1994-1995 budget. As stated by the Secretary-General in the outline, this projected reduction reflected a combination of factors such as the decrease in the number of political and peace-keeping missions offset by some additional requirements arising in the economic and social sector, the human rights and humanitarian affairs area, reinforcement of certain peace-keeping activities and internal oversight functions. In projecting the overall amounts shown, the Secretary-General had also stated in the outline that they were shown in real terms, i.e. net of the impact of exchange-rate and inflation fluctuations, and did not include possible savings amounting to $15 million that he expected to be derived from efficiency gains. He had further indicated that the resources required under part IV of the proposed budget, which related to International Co-operation for Development - the part which comprised UNCTAD - would amount to $295.5 million, or 11.5 per cent of the overall United Nations budget. As shown in A/50/6 (Sect. 10A), the UNCTAD budget itself was expected to amount to $116,783.1 thousand, and thus represented 4 per cent of the overall United Nations budget.

10. Following the adoption of this outline, the Secretary-General had issued specific internal instructions to all programme managers in order to ensure a uniform presentation and full implementation of the policies and resource requirements outlined. In particular, UNCTAD managers had been required to adhere strictly to the projected forecast in the outline for the overall budgetary decrease of 3.2 per cent as well as to offer reductions indicating the UNCTAD contribution to the $15 million dollar reduction due to the efficiency gains foreseen by the Secretary-General.

11. Commenting briefly on aspects of the UNCTAD budget contained in A/50/6 (Sect. 10A), which would be examined in detail by the Working Party at its current session, he observed in particular that 77.7 per cent of the budgetary resources were devoted to UNCTAD's substantive activities. In contrast to the negative overall growth rate for UNCTAD, the substantive activities were receiving increased resources. With regard to technical cooperation, he was pleased to report that resources for the next biennium were expected to be nearly the same as in the current biennium, in spite of the reduction in UNDP funding. As for the UNCTAD contribution to savings attributable to efficiency gains, it was expected that UNCTAD would begin to show efficiency gains as from the next biennium thanks to the acquisition in the current biennium of up-to-date electronic equipment and the adoption of advanced wordprocessing and presentation techniques. As a result, proposals had been made for the reduction of seven GS staff, or approximately $1,106,000, as UNCTAD's contribution to the overall projected savings of $15 million UN-wide attributable to efficiency gains.

12. Finally, with regard to the presentation of extra-budgetary resources, even though UNCTAD had full delegation of authority to manage its technical cooperation activities, it was required to report the cost of these activities to the General Assembly, approximating to the extent possible the presentation format of regular budget resources. Thus, a number of subprogrammes contained an indication of the availability of extra-budgetary resources. Outside of the programme support resources derived from project delivery utilized to backstop project activities in Geneva, all the extrabudgetary resources shown related to project activities undertaken in the field and not at Geneva. They should not therefore be viewed as additional resources available for the implementation of the approved programme of work.

13. The spokesman for the **Group of 77 and China** (Argentina) emphasized the importance which the Group of 77 and China attached, at this stage of the preparations for UNCTAD IX, to strengthening and providing adequate resources to UNCTAD to enable it to fulfil its mandate effectively. Recent developments in the international economy confirmed the need to reinforce UNCTAD as a trade forum for the formulation of policies that had a marked development perspective. His Group and China considered that the overall proposal for the allocation of resources set out in the programme budget for the biennium 1996-1997 (A/50/6 (Sect. 10A)) would enable UNCTAD to carry out its work programme and they therefore expressed their strong support for the proposal. They wished moreover to highlight the particular importance of those programmes which reflected the new orientation for UNCTAD's work agreed upon at UNCTAD VIII in Cartagena, such as the interrelationship of finance, trade, technology and services, as well as the new areas connected with trade efficiency and the environment. UNCTAD IX would offer a unique opportunity for strengthening the role of UNCTAD as the focal point within the United Nations system for dealing with the development problem. The Group of 77 and China believed that, in the preparatory process for the Conference, the approval of the budget proposal now before the Working Party represented a crucial contribution to the realization of that objective.

14. The representative of the **United States of America** observed that, as the United Nations began its second half-century, Member States had the opportunity to help it improve its structure and function in order to become a more effective force for sustainable development. The United Nations, together with its specialized agencies and programmes, was spending almost $9.5 billion every year for economic and social purposes. Member States involved in reviewing budgets and programmes of agencies in Geneva had an obligation to see that these resources were used wisely. In the view of his delegation, this required better coordination of United Nations activities, possible functional consolidation of related agencies, adjustment of agency mandates, and the creation of an effective management culture in a down-sized and more focused United Nations Secretariat. It was necessary to assess mandates and adjust institutions to ensure their continuing relevance and cost-effectiveness, and to face the hard choice of phasing out agencies or programmes that had lost their relevance to changed circumstances. The implementation of reform actions, of course, depended upon the formation of a broad consensus among all the States Members of the United Nations. The United States looked forward to working with all countries towards making the United Nations a more effective and efficient contributor to world-wide economic and social progress.

15. The Working Party's deliberations on UNCTAD's 1996-1997 biennium budget was an excellent place to start. The United States believed that there was a

need to rationalize aspects of the United Nations work where some activities appeared to duplicate or overlap those performed elsewhere in the United Nations system as well as in other organizations. It was not the intention of the United States to single out UNCTAD in particular. But a new situation had emerged with the creation of the World Trade Organization (WTO) and the new approach to market opening by developing countries. The time was ripe to take a good look at making the United Nations system as responsive and cost-effective as possible in this important area of economic cooperation and development.

16. In the context of preparations for UNCTAD IX, he believed that a detailed re-examination of UNCTAD's activities and priorities was particularly appropriate. He noted that the proposed budget for UNCTAD represented a drop of 2.6 per cent before recosting. To UNCTAD's credit, its innovative trade efficiency programme showed a 29.8 per cent increase (to $4.5 million) while other segments of the trade expansion programme, which might be seen as duplicative of efforts elsewhere in the United Nations system, had been cut by percentages ranging from single digits to over 40 per cent. These were positive steps, but the United States had hoped that the budget would go further in seeking to streamline and to phase out programme activities which did not reflect an organizational comparative advantage and demonstrate good value for money. In the few places where shifts in resources had occurred, they appeared to be only marginal. The allocation for the commodities programme, for example, should be looked at critically. Above all, the United States wanted to avoid the ineffective use of scarce resources which the United Nations could ill afford.

Action by the Working Party

17. At its 109th (closing) meeting, on 28 June 1995, the Working Party adopted the agreed conclusions and recommendations which the Chairman had submitted as a result of informal consultations. (For the agreed conclusions and recommendations, see annex I below). The text of the agreed conclusions and recommendations was subsequently submitted to the Trade and Development Board at its resumed eighth executive session on 29 June 1995 (TD/B/EX(8)/L.6) for approval and action as specified in the preamble to the text.

18. The spokesman for the **Group of 77** (Argentina) highlighted the friendly and constructive atmosphere in which the Working Party's deliberations had taken place. His Group was pleased at the overall support given by the members of the Working Party to the programme budget. The Group of 77 in Geneva called on the appropriate organs of the United Nations system to endorse the budget proposal contained in document A/50/6 (Sect. 10A).

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

19. The twenty-fifth session of the Working Party was opened on 26 June 1995 by Mr. José Luis Gabilondo (Argentina), Chairman of the Working Party at its twenty-fourth session.

B. Election of officers

(Agenda item 1)

20. At its 108th (opening) meeting, on 26 June 1995, the Working Party elected Mr. Markus Kummer (Switzerland) as its Chairman */ and Mr. Luis Guilherme de Moraes (Brazil) as its Vice-Chairman-cum-Rapporteur.

C. Adoption of the agenda and organization of work

(Agenda item 2)

21. Also at its 108th meeting, the Working Party adopted the provisional agenda for its twenty-fifth session (TD/B/WP/89), as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the UNCTAD section of the proposed United Nations programme budget for the biennium 1996-1997
4. Provisional agenda for the twenty-sixth session of the Working Party
5. Other business
6. Adoption of the report of the Working Party to the Trade and Development Board.

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*/ Under rule 64, paragraph 3, of the rules of procedure of the Trade and Development Board, and in accordance with the cycle of rotation for the election of the Chairman and Vice-Chairman-cum-Rapporteur, the Chairman of the Working Party at its twenty-fifth session was to have been a representative of one of the States members in List D. However, the members of List D requested, without prejudice to the cycle of rotation, that the Chairmanship for the twenty-fifth session be passed on to next cycle - i.e. List B - on the understanding that it would revert to List D at the twenty-sixth session.

22. With regard to the organization of work, the Working Party decided that, after the opening plenary meeting, it would convert into an informal working group and that it would follow, as appropriate, the "sequence for discussion" proposals set out in a paper circulated by the secretariat.

D. Provisional agenda for the twenty-sixth session of the Working Party

(Agenda item 4)

23. At its 109th (closing) meeting, on 28 June 1995, the Working Party approved the draft provisional agenda for its twenty-sixth session, which had been circulated informally in English only. (For the provisional agenda, see annex II below).

E. Adoption of the report of the Working Party to the Trade and Development Board

(Agenda item 6)

24. Also at its closing meeting, the Working Party adopted the draft report on its twenty-fifth session (TD/B/WP/L.71) and authorized the Rapporteur to complete the final report as appropriate.

ANNEXES

Annex I

AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE WORKING PARTY */

At its twenty-fifth session (26 - 28 June 1995), the Working Party on the Medium-term Plan and the Programme Budget, having reviewed the proposed programme budget for the biennium 1996-1997 (A/50/6 (Section 10A), decided to recommend to the Trade and Development Board, at its resumed eighth executive session, to approve its agreed conclusions and recommendations and to:

(i) transmit Part A of the agreed conclusions and recommendations to the ACABQ and request that the comments contained therein be given due attention in the consideration of Section 10A of the proposed programme budget;

(ii) consider Part B of the agreed conclusions and recommendations at the special session of the Trade and Development Board in preparation for UNCTAD IX.

Part A

1. It was agreed that the proposed programme budget provided a satisfactory basis for UNCTAD to carry out its mandate. However, it was noted that the narratives could have been improved to reflect a better balance between the components of each subprogramme.

2. Since the ninth session of the Conference, scheduled to be held in 1996, was likely to affect the content and the orientation of the work programme of UNCTAD during the biennium 1996-1997, it was felt that it would be necessary to review the programme budget as soon as possible after the Conference in order to assess the budgetary implications of the decisions taken at UNCTAD IX.

3. It was appreciated that the UNCTAD secretariat had made efforts to redeploy resources to programmes designated as high priority. However, it was noted that the setting of priorities was a complex process and that the correlation between the allocation of resources and designated priority areas in some cases was not totally satisfactory and needed further examination.

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*/ As adopted by the Working Party at its 109th meeting on 28 June 1995. This text was subsequently submitted to the Trade and Development Board at its resumed eighth executive session on 29 June 1995, in document TD/B/EX(8)/L.6

4. Concern was voiced that there appear to be duplications among various subprogrammes. While keeping in mind the secretariat's assurance that coordination takes place among programme managers on the activities under their responsibility, it was noted in this context that the presentation of the budget by subprogrammes should reflect the cross-sectoral approach needed in dealing with these issues.

5. It experienced difficulty in reviewing Programme 17, as the Commission on Science and Technology for Development remains a subsidiary body of Economic and Social Council and consequently outside the jurisdiction of the intergovernmental machinery of UNCTAD (cf. TD/B/EX(9)/2, paras. 21 - 22).

Part B

1. In view of the high number of subprogrammes designated as high priority, it was recalled that the Working Party, at its twenty-third session, had asked for guidance on the handling of this matter. It welcomed a decision by the Board at its ninth (pre-sessional) executive session to review the matter thoroughly after the ninth session of the Conference.

2. Where feasible, more comprehensive information on the demand for and usage of various UNCTAD products and services (e.g. publications) would facilitate consideration of the work programmes.

3. Further efforts were recommended to implement a recommendation by the Board as contained in its agreed conclusions of 14 October 1994 regarding the policy review of technical cooperation in UNCTAD (TD/B/41(1)14 (Vol. I)) relating to transparent and equitable allocation of support costs.

4. It was also recommended that the Board review the role and functioning of the Working Party as appropriate.

Annex II

PROVISIONAL AGENDA FOR THE TWENTY-SIXTH SESSION OF THE WORKING PARTY */

1. Election of officers

2. Adoption of the agenda and organization

3. Review of the technical cooperation activities of UNCTAD and their financing

4. Provisional agenda for the twenty-seventh session of the Working Party

5. Other business

6. Adoption of the report of the Working Party to the Trade and Development Board

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*/ As approved by the Working Party at its 109th (closing) meeting. (See para. 23 above).

Annex III

ATTENDANCE */

1. The following States members of UNCTAD, members of the Working Party, were represented at the session:

Argentina
Brazil
China
India
Iran (Islamic Republic of)
Japan
Mexico
Poland
Russian Federation
Sri Lanka
Sweden
Switzerland
Tunisia
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America

2. The following other States members of UNCTAD, not members of the Working Party, were represented as observers at the session:

Bulgaria
Chile
Colombia
Cuba
Denmark
Egypt
France
Netherlands
Nicaragua
Slovakia
Zambia

3. The following intergovernmental organization was represented at the session:

Organization of African Unity

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*/ For the list of participants, see TD/B/WP/INF.31.

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